



PSC NEWS

Missouri Public Service Commission

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PSC AUTHORIZES GENERAL COUNSEL TO GO TO COURT AGAINST WARREN COUNTY WATER & SEWER COMPANY

Jefferson City (October 9, 2002)---The General Counsel of the Missouri Public Service Commission has been authorized by the Public Service Commission to go to circuit court to seek a court order placing the control and responsibility of the day-to-day operations of the Warren County Water & Sewer Company with a receiver. If the court approves this request, it would name the receiver. The Warren County Water & Sewer Company is currently owned by Gary L. Smith.

The Public Service Commission, based upon a thorough review of evidence presented in a complaint case brought against the Warren County Water & Sewer Company by the Office of the Public Counsel, has determined that the Warren County Water & Sewer Company is unwilling or unable to provide safe and adequate service to its customers. The Commission has directed its General Counsel to seek the appointment of a receiver to operate the utility and liquidate its assets.

On September 26, 2001, the Office of the Public Counsel filed a complaint against Warren County Water & Sewer Company alleging the company is not providing safe and adequate service.

Water and Sewer Service Quality: The Commission noted in its order that the Warren County Water & Sewer Company has a history of frequent violations of Missouri Department of Natural Resources (DNR) regulations. "It (Company) has received at least ten notices of violations from the DNR in the last few years, and the rate has increased of late. The Company received several notices of violation during the pendency of this case. The notices of violations involve both sewage treatment plants." The Commission's order further noted: "Mr. Smith (Gary Smith) is slow to respond to customer complaints, slow to take corrective action, and slow to let customers know that any action has been taken."

Testimony presented in this case illustrated that the Warren County Water & Sewer Company drinking water system does not maintain a minimum pressure of at least 20 pounds per square inch in the distribution system at all times during normal operating conditions. In addition, evidence indicated that

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the Company does not have adequate water storage capacity, even though the issue of additional storage was addressed and agreed to by the Company in a certificate case in 1998.

Inspections of facilities by the Office of the Public Counsel and the PSC Staff revealed the following: that the warning indicator was not working properly at one of the sewage lift stations; that the cover of the lift station pit was not locked; that electrical boxes at the treatment plants were unlocked; that some fences and gates were in poor condition; that sewage treatment plants had only one blower motor operational at each plant until February 2002 when the second blower motor at the first treatment plant was operational; and that all four lift stations were never working at the same time. Customers complained about water quality (odor and taste), water pressure, sewer smells and customer service.

Business Practices: The Commission determined that the Company's business and accounting practices indicate a general inability or unwillingness to comply with applicable standards. The Commission stated in its decision: "The Company routinely fails to pay its electric bills, risking discontinuation of its electric service and the resulting inability to run its water and sewer plants. The Company has been administratively dissolved by the Missouri Secretary of State's office for failing to pay its assessments. The Company has been delinquent on its assessment from this Commission." The Commission's order further noted that Gary Smith illegally attempted to sell the assets of the Company without prior Commission approval.

"When the current owner," the Commission's order states, "displays a complete disregard for customers, routinely flaunts Commission authority, and regularly fails to comply with applicable statutes and rules, with no indication that a turn-around is possible, the only real solution is the appointment of a receiver."

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